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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

WAYMO LLC,

CASE NO. 3:17-cv-00939

Plaintiff,

15 | VS.

**PLAINTIFF WAYMO LLC'S REPLY TO
DEFENDANTS' COUNTER-CRITIQUE OF
FURTHER TENTATIVE JURY
INSTRUCTIONS ON TRADE SECRET
MISAPPROPRIATION (DKT. 2078)**

Defendants

16 UBER TECHNOLOGIES, INC.;
OTTOMOTTO LLC; OTTO TRUCKING LLC.

Judge: The Honorable William Alsup

Trial Date: December 4, 2017

1 Pursuant to the Court’s Order (Dkt. 2181), Waymo submits the following reply regarding the
 2 FTJI (Dkt. 2078).¹

3 **I. DEFENDANTS’ GENERAL OBJECTION IS MERITLESS.**

4 Defendants’ Counter-Critique (Dkt. 2180) nowhere disputes that “technical specifications”
 5 may constitute a trade secret. *Compare* Dkt. 2171 at 1-3 with Dkt. 2180. And it actually concedes
 6 both that “a trade secret may be kept in the mind of a former employee,” Dkt. 2180 at 3:12-13, and
 7 that “some ‘negative know-how’ may be protectable as a trade secret.” *Id.* at 3:21-22. Rather than
 8 disputing that these concepts are integral parts of trade secret law, the Counter-Critique instead objects
 9 to all of Waymo’s instructions as “unnecessary” because they are beyond the scope of Defendants’
 10 unilateral conception of the purpose of this untitled FTJI—namely, to “instruct[] the jury on how to
 11 differentiate between trade secrets and those skills and information acquired by former employees
 12 which are not trade secrets.” *Id.* at 1.

13 Defendants’ objection is illogical as it is impossible to “differentiate between” concepts
 14 without in some way defining them. Any instruction on “how to differentiate between trade secrets”
 15 and non-trade secrets must both incorporate and supplement any other instructions which Defendants
 16 believe squarely “define” trade secrets—a distinction which the Court did not make by applying titles
 17 to the TJIs. Moreover, Defendants cannot dispute that these concepts are both highly relevant to
 18 Waymo’s claim and not covered elsewhere in the TJIs. The Court should reject Defendants’ argument
 19 that the FTJI is not the place for these concepts, especially in light of their failure to suggest any other
 20 place where these concepts *should* go.

21 **II. THE JURY SHOULD BE INSTRUCTED THAT A TRADE SECRET IS NOT
 22 LIMITED TO “SPECIFIC ENGINEERING SOLUTIONS.”**

23 As Waymo demonstrated in its Critique, a trade secret is not limited to “specific engineering
 24 solutions,” but may also include “technical specifications” and “negative trade secrets.” Dkt. 2171 at
 25 1-3. Waymo has asserted trade secrets falling into each of these categories. *Id.* at 1. But the FTJI
 26 effectively limits the definition of a trade secret to only “specific engineering solutions”:

27 ¹ Unless otherwise noted, capitalized terms are as defined in Waymo’s Critique of the FTJI
 28 (Dkt. 2171) and Critique of the TJIs and Form (Dkt. 2077).

1 The engineer cannot, however, go further in his new job with a new employer and
 2 misappropriate *specific engineering solutions* developed by his prior employer, even
 3 those developed by him or her, where such specific solutions qualify as a trade secret.

4 Dkt. 2078 (emphasis added).

5 As an initial matter, Defendants' objection to Waymo's proposed additions to the FTJI on the
 6 grounds that these additional types of trade secrets are "unnecessary" must be rejected. As presently
 7 constituted, the TJIs nowhere affirmatively outline what types of information may actually qualify as
 8 trade secrets; rather, they only describe what cannot qualify. For instance, both TJI#5 (which
 9 Defendants cite) and TJI#6 (which they do not) nowhere describe what a trade secret is, but instead
 10 describe information that cannot qualify as a trade secret. *See* Dkt. 2010 at 3. The FTJI's description
 11 of a trade secret as a "specific engineering solution" is thus the only affirmative description of a trade
 12 secret in the TJIs other than the general checklist in TJI#3, and could easily convince a jury lacking
 13 other guidance that no protection is granted "technical specifications" or "negative trade secrets."
 14 Defendants do not dispute that "technical specifications" and "negative trade secrets" may in fact
 15 constitute trade secrets, and Waymo's revisions reflecting that substantive agreement collectively adds
 16 no more than 18 words to a single jury instruction. Waymo's proposed edits will thus help avert
 17 significant risk of jury confusion with minimal changes where there is no disagreement on the law.

18 A. **The Jury Should Be Instructed That A "Technical Specification" May Be A**
Trade Secret.

19 Defendants have raised no specific objections to the language Waymo proposes. As this
 20 language is essential to complete the jury's understanding of what may constitute a trade secret, *see*
 21 *supra*, it should be added.

22 B. **The Jury Should Be Instructed That A "Negative Trade Secret" May Be A**
Trade Secret.

23 Defendants admit that "some 'negative know-how' may be protectable as a trade secret." Dkt.
 24 2180 at 3:21-22. They further admit that Waymo cited valid authority for the proposition that
 25 negative trade secrets may be enforceable trade secrets in California. *Id.* at 3-4 (citing *Courtesy Temp.*
 26 *Serv. Inc. v. Camacho*, 222 Cal App. 3d 1278, 1287 (Cal. Ct. App. 1990)). They nevertheless spend
 27 two full pages asserting that "not all such 'blind alleys' will qualify." Dkt. 2180 at 3; *see also id.* at 3-
 28 5. Defendants' argument is a straw man. *Of course* "not all 'blind alleys' will qualify" as negative

1 trade secrets. However, under controlling precedent, and as contemplated by both the California
 2 legislature and the drafters of the UTSA, knowledge of what *not* to do is protectable under trade secret
 3 law to the same extent as “affirmative” information, provided it meets the other required elements:

4 The definition of “trade secret” contains a reasonable departure from the Restatement
 5 of Torts (First) definition which required that a trade secret be “continuously used in
 6 one’s business.” The broader definition in the proposed Act extends protection to a
 7 plaintiff who has not yet had an opportunity or acquired the means to put a trade secret
 8 to use. The definition includes information that has commercial value from a negative
 9 viewpoint, for example the results of lengthy and expensive research which proves that
 10 a certain process will not work could be of great value to a competitor.

11 Cal. Civ. Code § 3426.1 (Leg. Comm. Cmt.); *Uniform Trade Secret Act* § 1, Comment 5 (Natl. Conf.
 12 of Commissioners on Uniform State Laws 1985), http://www.uniformlaws.org/shared/docs/trade%20secrets/utsa_final_85.pdf (same); *see also* Dkt. 2171 at 2-3 (citing cases).

13 Defendants have cited no authority to the contrary. *Winston Research Corp. v. Minn. Minin &*
Mfg. Co., 350 F.2d 134, 143-44 (9th Cir. 1965), was decided 20 years *before* the passage of CUTSA
 14 and the decision in *Courtesy Temp.*, 222 Cal. App. 3d 1278, and did not hold that negative trade
 15 secrets were unenforceable generally. Rather, *Winston Research* stands for the uncontroversial
 16 propositions that (i) a trade secret cannot consist of material that is generally known, (ii) an injunction
 17 cannot be worded so broadly such as to prohibit an engineer from using non-trade secret information,
 18 and therefore (iii) an injunction cannot obtain when the plaintiff describes “what not do to” broadly, as
 19 opposed to detailing the specific engineering problem faced and the specific approaches tried.
Winston Research, 350 F.2d at 143-44. Defendants’ apparent argument that a 52-year old federal case
 20 trumps the later acts of Congress, the California legislature, and California courts interpreting
 21 California law, is unavailing.

22 Defendants’ argument is also internally inconsistent. The same general test for trade secret
 23 status—namely, that described in TJI#3—applies to the “specific engineering solutions” the Court
 24 proposed in the FTJI and both the “technical specifications” and “research indicating that a certain
 25 process or approach will not work” which Waymo proposed in the Critique. But Defendants lodged
 26 no objection to the inclusion of either “specific engineering solutions” or “technical specifications”
 27 based on a parallel concern that “*all* specific engineering solutions” or “*all* technical specifications”

1 are trade secrets. *See* Dkts. 2169, 2180. It is unclear what about the inclusion of “research indicating
 2 that a certain process or approach will not work” Defendants believe the jury will find so confusing.
 3 Consistent with the cases cited by both parties, Waymo’s proposed jury instruction reflects that
 4 “research indicating that a certain process or approach will not work,” like “specific engineering
 5 solutions” and “technical solutions,” may or may not be a trade secret, depending on the specific facts.

6 **III. THE JURY SHOULD BE INSTRUCTED THAT A TRADE SECRET MAY BE
 HELD IN MEMORY.**

7 By its own admission, “Uber does not dispute that a trade secret may be kept in the mind of a
 8 former employee.” Dkt. 2180 at 3:12-13. Defendants nevertheless object to the inclusion of
 9 “regardless of whether contained in a document or retained in the engineer’s memory” on the grounds
 10 that it is confusing and unnecessary. Not so. There is nothing confusing about the fact that a trade
 11 secret may be stored in memory rather than documents; indeed, this is how most jurors will have first
 12 learned to keep secrets. But it would be error if the Court’s instructions caused the jury to believe that
 13 Waymo must prove an unbroken paper trail from its files to the Defendants to show misappropriation.
 14 In addition, failure to give this instruction could create a false dichotomy in jurors’ minds between
 15 trade secrets having physical manifestations on the one hand, and skill and know-how stored in
 16 memory on the other. The proposed language should be added because the risk of confusion is very
 17 low in comparison to the prejudice avoided.

18 **IV. WAYMO WILL WITHDRAW ITS PROPOSED MODIFICATION OF “SKILL”
 TO “GENERAL SKILLS”.**

19 Defendants object to Waymo’s addition of the word “general” before “skills” in the following
 20 sentence: “An engineer will, through trial and error and application of his or her professional skills,
 21 sharpen his or her skills and accumulate insights and supplement the **general** skills and know-how
 22 otherwise known in his or her field.” Dkt. 2180 at 1:24-25; 1:28 (“Uber also specifically objects
 23 to . . . the term “general” before skills;” “The first addition (“general” before “skills”) is unnecessary
 24 . . .”). Contrary to Defendants’ suggestion, Waymo did not intend the addition of the term “general”
 25 here to exclude specialized knowledge of those skilled in a particular trade that does not constitute a
 26 trade secret; thus, Waymo is willing to withdraw this proposed addition to avoid any risk of this
 27 unintended meaning.

1 DATED: November 13, 2017

QUINN EMANUEL URQUHART & SULLIVAN, LLP

2 By */s/ Charles K. Verhoeven*

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4 Attorneys for WAYMO LLC

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